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The Gazette (Montreal, Quebec, Canada) · Tue, Oct 30, 2007 · Page 23
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B BUSINESS

SHINE ON: Gold and oil neared major psychological levels at $800 an ounce and $100 a barrel, respectively, B5

B4 The Trading Day B7 Canada B8 Youth Zone

TSX	DOW	NASDAQ	DOLLAR	OIL	GOLD	PRIME
14,427.35 ▲130.92	13,870.26 ▲63.56	2817.44 ▲13.25	104.96 ▲1.03¢	$93.53 ▲$1.67	$792.60 ▲$5.10	6.025 OCT. 16

BUSINESS

THE GAZETTE | MONTREAL | TUESDAY, OCTOBER 30, 2007 | BUSINESS EDITOR: BRYAN DEMCHINSKY | 514 987 2486 | bdemchin@thegazette.canwest.com

Forestry aims for carbon neutrality

INDUSTRY SETS TARGET OF 2015

Global demand for woodland products is expected to grow by three per cent a year

LYNN MOORE
THE GAZETTE

Canada's forest industry intends to burnish its image by going carbon neutral by 2015, the Forest Products Association of Canada says.

If it succeeds, the industry would also get a boost in the marketplace by not having to buy offset credits as carbon trading becomes more common with stricter regulation of greenhouse gas producers.

The formal announcement of the initiative, to be undertaken with the help of the World Wildlife Fund Canada and an external panel of advisers, is to be made in Ottawa today.

"It's definitely a stretch target."
FOREST ASSOCIATION'S AVRIM LAZAR

"It's definitely a stretch target," association president Avrim Lazar said in an interview yesterday.

"This is part of a larger plan for renewal ... of getting ahead of the curve," said Lazar whose association represents about 70 per cent of the Canadian forest industry, an export-dependent sector hard hit by the rising dollar and falling demand in North America.

The global demand for forest products is expected to grow by three per cent a year and Canada could enjoy competitive advantage if it were seen as the go-to supplier of carbon-neutral forest products, Lazar said.

But reaching that carbon neutral state will not be a walk in the park, he and others connected to the project agree.

"This is an objective, not an accomplishment," WWF Canada president Mike Russill said in an interview yesterday.

"We are applauding (industry) commitment and we are helping them guide and define exactly what they will have to do," said Russill, noting that the association is taking a leadership position.

The first step in the process is determining the current carbon footprint of Canadian forests, said Werner Kurz, a Natural Resources Canada expert in forest carbon accounting and one of the scientists involved with the Nobel Prize-winning Intergovernmental Panel on Climate Change.

He and others on the advisory panel will help establish a carbon profile of Canada's forests with the nonprofit, industry-supported National Council for Air and Stream Improvement. That report will provide a foundation from which the industry can identify areas for continued progress and improvement.

"Whether or not (the industry's) goal is obtainable will have to be determined once all the quantitative options are better understood," Kurz said.

Please see CARBON, Page B2

MARIO TAMA GETTY IMAGES

The Merrill Lynch bull near Wall St. attracts tourists yesterday, while CEO Stan O'Neal is reportedly close to resigning.

'Mother Merrill's' favoured son will be shown to the door

Embattled CEO misjudged subprime risk

BRADLEY KEOUN
BLOOMBERG NEWS

NEW YORK – Losing a lot of money for shareholders is the surest way to end a career on Wall St. as **Merrill Lynch & Co.**'s Stan O'Neal found out this month after the embattled chief executive officer delivered the worst news in the firm's 93-year history.

The third-quarter loss of $2.24 billion, or $2.82 a share, was about six times more than O'Neal acknowledged on Oct. 5 and derived from $8.4 billion of write-downs for the subprime mortgages, asset-backed bonds and loans gone bad under his watch.

Merrill's result, coming during a credit market shakeout that triggered a run on a British bank and caused Switzerland's largest financial institution to fire its CEO, was the biggest quarterly debacle in the history of the securities industry.

That was enough for the board of 11, nine of whom were handpicked by O'Neal during his five years as CEO, to make it clear the 56- year-old grandson of a former slave is leaving, possibly yesterday, according to a person with knowledge of the directors' discussions.

For Merrill, a firm that over nine decades built a corporate culture that promoted from within and gently nudged its chiefs into distinguished retirement, O'Neal's ouster is an abrupt departure. To his predecessors, many of whom resented his penchant for getting rid of dozens of Merrill loyalists, the losses are a painful reminder of how much has changed at the brokerage they used to call "Mother Merrill."

"I've been in touch with many of our fellow employees and ex-employees and they're sick, everyone is sick about it, as I am too," Daniel Tully, Merrill's CEO from 1992 to 1996, said in an interview last weekend.

"It's awful," he said, becoming the first former head of the brokerage to castigate O'Neal.

Merrill has risen 52 per cent in New York trading since O'Neal took over on Dec. 2, 2002, while the 12-member Amex Broker/Dealer Index has surged 128 per cent and shares of **Goldman Sachs Group Inc.**, the biggest securities firm, has tripled.

Merrill Lynch stock closed up $1.33, or two per cent, to $67.42 in New York trading yesterday.

Please see MERRILL, Page B5

BENOÎT LALIBERTÉ

Trial of former Jitec CEO begins

DON MACDONALD
THE GAZETTE

Former Jitec chief executive Benoit Laliberté's trial began yesterday on charges that he committed a long list of securities infractions in his dealings in stock in the once high-flying computer company.

Jitec had a brief but spectacular run on the stock market in the fall of 2000 before it became mired in scandal and came crashing back to Earth.

The trial is expected to last four weeks and lawyer Marc-André Fabien, representing the AMF, intends to call 26 prosecution witnesses, including former Jitec employees, brokerage executives and investors.

In all, Laliberté is facing 48 charges under the Quebec Securities Act, accusing him of a variety of infractions in his stock dealings and interactions with investors.

For his part, Laliberté has insisted he's innocent of wrongdoing and has brought a $117-million civil lawsuit against the AMF. The suit alleges the regulator destroyed his firm's with an abusive investigation after falling under the influence of Westmount tycoon Herbert Black, whom the action accuses of seeking to profit from short sales of the company's stock.

Please see JITEC, Page B2

Whole picture shows there's no hollowing out in the job market

JAY BRYAN
on payrolls

"The distribution of high-paid vs. low-paid jobs has been 'improving dramatically.'"

So far this year, Canada's manufacturers have cut payrolls by more than 78,000 as they struggled to adapt to global competition and a rising dollar.

But despite the job losses in an industry that's widely regarded as a major source of well-paid, secure employment, one yardstick of job quality in Canada has actually been improving all year.

The distribution of high-paid jobs vs. low-paid ones has been "improving dramatically," says economist Benjamin Tal of CIBC World Markets in a new report. As a result, an index of job quality he compiles is at its highest level in more than two years.

How can this be true? For at least two reasons:

First, our preconceptions about factory jobs are not accurate. Some are very good jobs, but many are not. And second, those who equate the drop in factory employment with the "hollowing out" of Canada's economy just don't understand the whole picture.

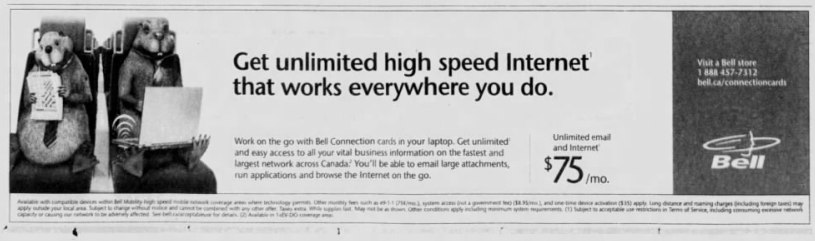
As in other advanced economies, the assembly of physical goods is less and less important in Canada's job market, accounting for only about 12 per cent of all employment. By contrast, more than three-quarters of Canadian jobs involve services, which can mean anything from flipping burgers to writing software or doing brain surgery.

This isn't to say that manufacturing is unimportant, but it's no longer the driving force in our economy. Equally important, the number of people employed in factories is a poor guide to how well the sector is doing.

As the number of factory jobs has shrunk – and this trend has been going on for the past five years – the value of factory output has actually increased. How? By increasing the value of each worker's production, which is another way of saying that the productivity of Canadian factories has been soaring.

This isn't because the productivity of every factory went up. Many of the less productive ones – those making products like leather goods, textiles or clothing – shrank or went out of business. But at the same time, sales grew at factories making high-value items like electronic equipment, machinery or chemical products.

Please see BRYAN, Page B2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